

**HARRODSBURG INDEPENDENT  
SCHOOL DISTRICT  
AUDIT REPORT  
JUNE 30, 2003**

**HARRODSBURG INDEPENDENT SCHOOL DISTRICT**  
**TABLE OF CONTENTS**  
**FOR THE YEAR ENDED JUNE 30, 2003**

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS	1-2
COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS	3
INDEPENDENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - ALL GOVERNMENT & TRUST FUNDS	4
COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES	5
COMBINED STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPES	6
COMPARISON OF REVENUES AND EXPENDITURES TO BUDGET - ALL GOVERNMENTAL FUND TYPES	7
COMBINING BALANCE SHEET - CAPITAL PROJECT FUNDS	8
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - CAPITAL PROJECT FUNDS	9
NOTES TO THE FINANCIAL STATEMENTS	10-20
<b><u>SUPPLEMENTARY INFORMATION:</u></b>	
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCES – HIGH SCHOOL ACTIVITY FUND	21
ACCOUNTS RECEIVABLE	22
ACCOUNTS PAYABLE	23
BOARD MEMBERS AND ADMINISTRATIVE PERSONNEL	24
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE	25
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	26-27
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	28-29
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	30

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**INDEPENDENT AUDITOR'S REPORT**

State Committee for School District Audits  
Members of the Board of Education  
Harrodsburg Independent School District  
Harrodsburg, Kentucky

I have audited the accompanying general purpose financial statements of the Harrodsburg Independent School District, as of and for the year ended June 30, 2003, as listed in the table of contents. These general purpose financial statements are the responsibility of Harrodsburg Independent School District management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

The general purpose financial statements referred to above do not include the general fixed assets account group or inventory and fixed assets in the school food service fund which should be included in order to conform with accounting principles generally accepted in the United States of America. The amount that should be recorded in the general fixed assets account group and school food service fixed assets is not known.

In my opinion, except for the effects on the financial statements of the omission described in the preceding paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Harrodsburg Independent School District, as of June 30, 2003, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated October 29, 2003, on my consideration of Harrodsburg Independent School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

My audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Harrodsburg Independent School District. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the general purpose financial statements of the Harrodsburg Independent School District. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

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*W. Dudley Shryock, CPA, PSC*  
October 29, 2003

**HARRODSBURG INDEPENDENT SCHOOL DISTRICT  
COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 2003**

	GOVERNMENTAL FUND TYPES				PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPE	ACCOUNT GROUP		
	GENERAL FUND	ATHLETIC FUND	SPECIAL REVENUE FUND	CAPITAL PROJECT FUND	SCHOOL FOOD SERVICE FUND	ACTIVITY FUND	GENERAL LONG-TERM OBLIGATIONS	TOTALS (Memo Only) 6/30/2003	TOTALS (Memo Only) 6/30/2002
<b>ASSETS &amp; RESOURCES:</b>									
Cash & equivalents-Note C	\$1,421,273	\$0	\$91,572	\$66,754	\$88,321	\$35,489	\$0	\$1,703,409	\$1,498,904
Accounts receivable									
Taxes	30,091	0	0	0	0	0	0	30,091	25,151
Accounts	0	273	0	0	0	0	0	273	2,187
Intergovernmental-State	0	0	49,851	0	0	0	0	49,851	57,496
Intergovernmental-Federal	0	0	99,932	0	30,602	0	0	130,534	74,190
Due from other funds-Note G	0	0	0	0	0	0	0	0	0
Amounts to be provided for compensated absences	0	0	0	0	0	0	179,530	179,530	124,461
Amounts to be provided for retirement of General Long-term Obligations	0	0	0	0	0	0	1,835,010	1,835,010	2,149,698
<b>TOTAL ASSETS &amp; RESOURCES</b>	<b>\$1,451,364</b>	<b>\$273</b>	<b>\$241,355</b>	<b>\$66,754</b>	<b>\$118,923</b>	<b>\$35,489</b>	<b>\$2,014,540</b>	<b>\$3,928,698</b>	<b>\$3,932,087</b>
<b>LIABILITIES &amp; FUND BALANCE:</b>									
<b>LIABILITIES:</b>									
Accounts payable	\$58,512	\$230	\$27,307	\$13,453	\$2,116	\$0	\$0	\$101,618	\$40,259
Due to other funds-Note G	0	0	0	0	0	0	0	0	0
Deferred revenue	0	0	214,048	0	0	0	0	214,048	209,704
Compensated absences	0	0	0	0	0	0	179,530	179,530	124,461
Obligation under capital leases	0	0	0	0	0	0	1,835,010	1,835,010	2,149,698
<b>TOTAL LIABILITIES</b>	<b>\$58,512</b>	<b>\$230</b>	<b>\$241,355</b>	<b>\$13,453</b>	<b>\$2,116</b>	<b>\$0</b>	<b>\$2,014,540</b>	<b>\$2,330,206</b>	<b>\$2,524,122</b>
<b>EQUITY &amp; FUND BALANCES:</b>									
Retained earnings	\$0	\$0	\$0	\$0	\$116,807	\$0	\$0	\$116,807	\$138,715
Fund Balances:									
Reserved for accrued sick leave	53,914	0	0	0	0	0	0	53,914	53,914
Restricted	0	0	0	53,301	0	35,489	0	88,790	79,353
Unreserved	1,338,938	43	0	0	0	0	0	1,338,981	1,135,983
<b>TOTAL FUND BALANCES</b>	<b>\$1,392,852</b>	<b>\$43</b>	<b>\$0</b>	<b>\$53,301</b>	<b>\$116,807</b>	<b>\$35,489</b>	<b>\$0</b>	<b>\$1,598,492</b>	<b>\$1,407,965</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$1,451,364</b>	<b>\$273</b>	<b>\$241,355</b>	<b>\$66,754</b>	<b>\$118,923</b>	<b>\$35,489</b>	<b>\$2,014,540</b>	<b>\$3,928,698</b>	<b>\$3,932,087</b>

**HARRODSBURG INDEPENDENT SCHOOL DISTRICT**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS**  
**FOR YEAR ENDED JUNE 30, 2003**

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPE		
	GENERAL FUND	ATHLETIC FUND	SPECIAL REVENUE FUND	CAPITAL PROJECT FUND	ACTIVITY FUND	TOTALS (Memo Only) 6/30/2003	TOTALS (Memo Only) 6/30/2002
<b>REVENUES:</b>							
From local sources:							
Taxes	\$1,241,368	\$0	\$0	\$109,885	\$0	\$1,351,253	\$1,267,094
Earnings on investments	26,130	0	0	0	0	26,130	41,014
Student activities	1,320	50,491	0	0	224,440	276,251	210,319
Other local revenues	38,289	9,021	0	0	0	47,310	33,199
Intergovernmental-State	3,575,709	0	794,992	210,067	0	4,580,768	4,208,747
Intergovernmental-Indirect Federal	0	0	613,743	0	0	613,743	546,808
Intergovernmental-Direct Federal	0	0	0	0	0	0	0
<b>TOTAL REVENUES</b>	<b>\$4,882,816</b>	<b>\$59,512</b>	<b>\$1,408,735</b>	<b>\$319,952</b>	<b>\$224,440</b>	<b>\$6,895,455</b>	<b>\$6,307,181</b>
<b>EXPENDITURES:</b>							
Instruction	\$2,742,756	\$61,303	\$1,156,488	\$0	\$0	\$3,960,547	\$3,669,543
Support Services:					0		
Student	251,466	0	126,691	0	0	378,157	367,169
Instructional staff	177,184	0	47,305	0	0	224,489	223,499
District administration	346,608	0	0	0	0	346,608	298,200
School administration	292,287	0	0	0	0	292,287	292,072
Plant operations and maintenance	628,314	0	0	32,794	0	661,108	609,510
Student transportation	215,829	0	1,662	0	0	217,491	187,024
Food service operation	0	0	0	0	0	0	0
Community service	0	0	102,693	0	0	102,693	102,307
Facilities acquisition and construction	0	0	0	0	0	0	48,738
Debt service	0	0	0	265,848	0	265,848	277,650
Other	0	0	0	0	236,313	236,313	168,713
<b>TOTAL EXPENDITURES</b>	<b>\$4,654,444</b>	<b>\$61,303</b>	<b>\$1,434,839</b>	<b>\$298,642</b>	<b>\$236,313</b>	<b>\$6,685,541</b>	<b>\$6,244,425</b>
<b>Excess (deficit) of revenues over expenditures</b>	<b>\$228,372</b>	<b>(\$1,791)</b>	<b>(\$26,104)</b>	<b>\$21,310</b>	<b>(\$11,873)</b>	<b>\$209,914</b>	<b>\$62,756</b>
<b>OTHER FINANCING SOURCES (USES):</b>							
Proceeds from sale of bonds	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Proceeds from sale of assets	0	0	0	0	0	0	0
Loss compensation-equipment	0	0	0	0	0	0	0
Operating transfers in	0	0	26,104	0	0	26,104	160,647
Operating transfers out	(26,104)	0	0	0	0	(26,104)	(160,647)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(\$26,104)</b>	<b>\$0</b>	<b>\$26,104</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses							
	\$202,268	(\$1,791)	\$0	\$21,310	(\$11,873)	\$209,914	\$62,756
Prior Period Adjustment						(51,393)	
Fund balance July 1, 2002	1,136,670	1,834	0	31,991	47,362	1,269,250	1,206,494
Fund balance June 30, 2003	\$1,338,938	\$43	\$0	\$53,301	\$35,489	\$1,427,771	\$1,269,250

**HARRODSBURG INDEPENDENT SCHOOL DISTRICT  
COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS  
ALL PROPRIETARY FUND TYPES  
FOR YEAR ENDED JUNE 30, 2003**

	PROPRIETARY FUND TYPE	
	SCHOOL FOOD SERVICE FUND 6/30/2003	SCHOOL FOOD SERVICE FUND 6/30/2002
<b><u>OPERATING REVENUES:</u></b>		
Lunchroom sales	\$147,140	\$147,095
Other operating revenues	2,819	3,921
<b>TOTAL OPERATING REVENUES</b>	<b>\$149,959</b>	<b>\$151,016</b>
<b><u>OPERATING EXPENSES:</u></b>		
Salaries and wages/employee benefits	\$180,233	\$175,548
Purchased property services	7,616	5,023
Other purchased services	3,843	3,680
Materials and supplies	215,669	195,021
Property	32,921	4,176
Miscellaneous	963	146
<b>TOTAL OPERATING EXPENSES</b>	<b>\$441,245</b>	<b>\$383,594</b>
<b>Operating income (loss)</b>	<b>(\$291,286)</b>	<b>(\$232,578)</b>
<b><u>NON-OPERATING REVENUES (EXPENSES):</u></b>		
State grants	\$5,880	\$5,769
Federal grants	263,498	247,376
Interest income	0	0
<b>NON-OPERATING REVENUES (EXPENSES)</b>	<b>\$269,378</b>	<b>\$253,145</b>
Net income (loss) before operating transfers	(\$21,908)	\$20,567
Operating transfers	0	0
Net income (loss)	(\$21,908)	\$20,567
Retained earnings July 1, 2002	138,715	118,148
Retained earnings June 30, 2003	<b>\$116,807</b>	<b>\$138,715</b>

**HARRODSBURG INDEPENDENT SCHOOL DISTRICT  
COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES  
FOR YEAR ENDED JUNE 30, 2003**

	<div style="border: 1px solid black; padding: 2px;"> <b>PROPRIETARY FUND TYPE</b> </div>
	<div style="border-bottom: 1px solid black;"> <b>SCHOOL FOOD SERVICE FUND</b> </div>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	
Net operating income	(\$291,286)
Adjustments to reconcile net income to cash provided by operating activities:	
Changes in assets and liabilities:	
Grants receivable	(\$2,875)
Accounts receivable	0
Accounts payable	2,116
Due to other funds	0
Net cash provided by operating activities and increase in cash and equivalents	(\$292,045)
<b>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition of capital assets	\$0
Principal paid on notes and lease obligations	0
Interest paid on notes and lease obligations	0
Net cash used by capital and related financing activities	\$0
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
State grants	\$5,880
Federal grants	263,498
Interest earned	0
Net cash provided by investing activities	\$269,378
Cash and equivalents July 1, 2002	\$110,988
Cash and equivalents June 30, 2003	\$88,321

See accompanying notes.



**HARRODSBURG INDEPENDENT SCHOOL DISTRICT  
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (BUDGET AND ACTUAL)  
ALL GOVERNMENTAL FUND TYPES  
FOR YEAR ENDED JUNE 30, 2003**

	GENERAL FUND			ATHLETIC FUND			SPECIAL REVENUE FUND			SEEK CAPITAL OUTLAY FUND			BUILDING FUND			TECHNOLOGY FUND			CONSTRUCTION FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES:</b>																					
From local sources:																					
Taxes	\$1,237,535	\$1,241,368	\$3,833	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$103,398	\$109,885	\$6,487	\$0	\$0	\$0	\$0	\$0	\$0
Earnings on investments	30,000	26,130	(3,870)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Student activities	0	1,320	1,320	65,290	50,491	(14,799)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other local revenues	11,820	38,289	26,469	20	9,021	9,001	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Intergovernmental-State	3,681,114	3,575,709	(105,405)	0	0	0	809,101	794,992	(14,109)	83,920	84,220	300	125,284	125,847	563	0	0	0	0	0	0
Intergovernmental-Indirect Federal	0	0	0	0	0	0	702,036	595,621	(106,415)	0	0	0	0	0	0	0	0	0	0	0	0
Intergovernmental-Direct Federal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL REVENUES</b>	<b>\$4,960,469</b>	<b>\$4,882,816</b>	<b>(\$77,653)</b>	<b>\$65,310</b>	<b>\$59,512</b>	<b>(\$5,798)</b>	<b>\$1,511,137</b>	<b>\$1,390,613</b>	<b>(\$120,524)</b>	<b>\$83,920</b>	<b>\$84,220</b>	<b>\$300</b>	<b>\$228,682</b>	<b>\$235,732</b>	<b>\$7,050</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>EXPENDITURES:</b>																					
Instruction	\$2,789,264	\$2,742,756	\$46,508	\$67,144	\$61,303	\$5,841	\$1,212,745	\$1,138,366	\$74,379	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Support Services:																					
Student	252,625	251,466	1,159	0	0	0	129,644	126,691	2,953	0	0	0	0	0	0	0	0	0	0	0	0
Instructional Staff	179,565	177,184	2,381	0	0	0	56,043	47,305	8,738	0	0	0	0	0	0	0	0	0	0	0	0
District administration	1,575,408	346,608	1,228,800	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
School administration	292,902	292,287	615	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plant operations and maintenance	736,290	628,314	107,976	0	0	0	0	0	0	0	32,794	(32,794)	0	0	0	0	0	0	0	0	0
Student transportation	231,204	215,829	15,375	0	0	0	3,205	1,662	1,543	0	0	0	0	0	0	0	0	0	0	0	0
Food service operation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Community service	0	0	0	0	0	0	109,500	102,693	6,807	0	0	0	0	0	0	0	0	0	0	0	0
Facilities acquisition and construction	0	0	0	0	0	0	0	0	0	0	0	0	68,066	230,072	68,066	0	0	0	0	0	0
Debt service	0	0	0	0	0	0	0	0	0	83,920	35,776	48,144	192,607	230,072	(37,465)	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL EXPENDITURES</b>	<b>\$6,057,258</b>	<b>\$4,654,444</b>	<b>\$1,402,814</b>	<b>\$67,144</b>	<b>\$61,303</b>	<b>\$5,841</b>	<b>\$1,511,137</b>	<b>\$1,416,717</b>	<b>\$94,420</b>	<b>\$83,920</b>	<b>\$68,570</b>	<b>\$15,350</b>	<b>\$260,673</b>	<b>\$230,072</b>	<b>\$30,601</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Excess (deficit) of revenues over expenditures</b>	<b>(\$1,096,789)</b>	<b>\$228,372</b>	<b>\$1,325,161</b>	<b>(\$1,834)</b>	<b>(\$1,791)</b>	<b>\$43</b>	<b>\$0</b>	<b>(\$26,104)</b>	<b>(\$26,104)</b>	<b>\$0</b>	<b>\$15,650</b>	<b>\$15,650</b>	<b>(\$31,991)</b>	<b>\$5,660</b>	<b>\$37,651</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>OTHER FINANCING SOURCES (USES):</b>																					
Proceeds from sale of bonds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Loss compensation-equipment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Operating transfers in	0	0	0	0	0	0	0	26,104	26,104	0	0	0	0	0	0	0	0	0	0	0	0
Operating transfers out	(26,104)	(26,104)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(\$26,104)</b>	<b>(\$26,104)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$26,104</b>	<b>\$26,104</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	<b>(\$1,122,893)</b>	<b>\$202,268</b>	<b>\$1,325,161</b>	<b>\$0</b>	<b>(\$1,791)</b>	<b>(\$1,791)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$15,650</b>	<b>\$15,650</b>	<b>(\$31,991)</b>	<b>\$5,660</b>	<b>\$37,651</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Fund balance July 1, 2002	1,122,893	1,136,670	13,777	1,834	1,834	0	0	0	0	0	0	0	31,991	31,991	0	0	0	0	0	0	0
Fund balance June 30, 2003	\$0	\$1,338,938	\$1,338,938	<b>\$1,834</b>	<b>\$43</b>	<b>(\$1,791)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$15,650</b>	<b>\$15,650</b>	<b>\$0</b>	<b>\$37,651</b>	<b>\$37,651</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**HARRODSBURG INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
CAPITAL PROJECT FUNDS  
June 30, 2003**

	CAPITAL OUTLAY FUND	BUILDING FUND	TECHNOLOGY FUND	CONSTRUCTION FUND	TOTAL CAPITAL PROJECT FUNDS
<b><u>ASSETS &amp; RESOURCES:</u></b>					
Cash & equivalents-Note C	\$29,103	\$37,651	\$0	\$0	\$66,754
Accounts Receivable					
Taxes	0	0	0	0	0
Accounts	0	0	0	0	0
Intergovernmental-State	0	0	0	0	0
Intergovernmental-Federal	0	0	0	0	0
Due from other funds-Note G	0	0	0	0	0
Amounts to be provided for retirement of General Long-term Obligations	0	0	0	0	0
<b>TOTAL ASSETS &amp; RESOURCES</b>	<u>\$29,103</u>	<u>\$37,651</u>	<u>\$0</u>	<u>\$0</u>	<u>\$66,754</u>
<b><u>LIABILITIES &amp; FUND BALANCE:</u></b>					
<b><u>LIABILITIES:</u></b>					
Accounts payable	\$13,453	\$0	\$0	\$0	\$13,453
Due to other funds-Note G	0	0	0	0	0
<b>TOTAL LIABILITIES</b>	<u>\$13,453</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$13,453</u>
<b><u>EQUITY &amp; FUND BALANCES:</u></b>					
Retained earnings	\$0	\$0	\$0	\$0	\$0
Fund Balances:					
Reserved for accrued sick leave	0	0	0	0	0
Restricted	15,650	37,651	0	0	53,301
Unreserved	0	0	0	0	0
<b>TOTAL FUND BALANCES</b>	<u>\$15,650</u>	<u>\$37,651</u>	<u>\$0</u>	<u>\$0</u>	<u>\$53,301</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$29,103</u>	<u>\$37,651</u>	<u>\$0</u>	<u>\$0</u>	<u>\$66,754</u>

**HARRODSBURG INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**CAPITAL PROJECT FUNDS**  
**FOR YEAR ENDED JUNE 30, 2003**

	<u>CAPITAL OUTLAY FUND</u>	<u>BUILDING FUND</u>	<u>TECHNOLOGY FUND</u>	<u>CONSTRUCTION FUND</u>	<u>TOTAL CAPITAL PROJECT FUNDS</u>
<b><u>REVENUES:</u></b>					
From local sources:					
Taxes	\$0	\$109,885	\$0	\$0	\$109,885
Earnings on investments	0	0	0	0	0
Student activities	0	0	0	0	0
Other local revenues	0	0	0	0	0
Intergovernmental-State	84,220	125,847	0	0	210,067
Intergovernmental-Indirect Federal	0	0	0	0	0
Intergovernmental-Direct Federal	0	0	0	0	0
<b>TOTAL REVENUES</b>	<u>\$84,220</u>	<u>\$235,732</u>	<u>\$0</u>	<u>\$0</u>	<u>\$319,952</u>
<b><u>EXPENDITURES:</u></b>					
Instruction	\$0	\$0	\$0	\$0	\$0
Support Services:	0	0	0	0	0
Student	0	0	0	0	0
Instructional Staff	0	0	0	0	0
District administration	0	0	0	0	0
School administration	0	0	0	0	0
Plant operations and maintenance	32,794	0	0	0	32,794
Student transportation	0	0	0	0	0
Central office	0	0	0	0	0
Non-instructional	0	0	0	0	0
Facilities acquisition and construction	0	0	0	0	0
Debt service	35,776	230,072	0	0	265,848
Other	0	0	0	0	0
<b>TOTAL EXPENDITURES</b>	<u>\$68,570</u>	<u>\$230,072</u>	<u>\$0</u>	<u>\$0</u>	<u>\$298,642</u>
<b>Excess (deficit) of revenues over expenditures</b>	<u>\$15,650</u>	<u>\$5,660</u>	<u>\$0</u>	<u>\$0</u>	<u>\$21,310</u>
<b><u>OTHER FINANCING SOURCES (USES):</u></b>					
Proceeds from sale of bonds	\$0	\$0	\$0	\$0	\$0
Proceeds from sale of fixed assets	0	0	0	0	0
Operating transfers in	0	0	0	0	0
Operating transfers out	0	0	0	0	0
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>Excess (deficit) of revenues and other financing sources over expenditures and other financing uses</b>	<u>\$15,650</u>	<u>\$5,660</u>	<u>\$0</u>	<u>\$0</u>	<u>\$21,310</u>
Fund balance July 1, 2002	<u>0</u>	<u>31,991</u>	<u>0</u>	<u>0</u>	<u>31,991</u>
Fund balance June 30, 2003	<u><u>\$15,650</u></u>	<u><u>\$37,651</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$53,301</u></u>

**HARRODSBURG INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

**NOTE A -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**REPORTING ENTITY**

The Harrodsburg Independent Board of Education, a five-member group, is the level of government, which has oversight responsibilities over all activities, related to public elementary and secondary school education within the jurisdiction of the Harrodsburg Independent School District (District). The Board receives funding from local, state and federal government sources and must comply with the commitment requirements of these funding source entities. However, the board is not included in any other governmental “reporting entity” as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards as Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to develop policies which may influence operations, and primary accountability for fiscal matters.

The Board, for financial purposes, includes all of the funds and account groups relevant to the operation of the Harrodsburg Independent Board of Education. The financial statements presented herein do not include funds of groups and organizations, which although associated with the school system, have not originated within the Board itself such as Band Boosters, Parent-Teachers Associations, etc.

The financial statements of the Board include those of separately administered organizations that are controlled by or dependent on the Board. Control or dependence is determined on the basis of budget adoption, funding and appointment of the respective governing board.

Based on the foregoing criteria, the financial statements of the following organizations are included in the accompanying financial statements.

Harrodsburg Independent Board of Education Finance Corporation - On February 5, 1994, the Harrodsburg Independent School District’s Board of Education resolved to authorize the establishment of the Harrodsburg Independent School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS 58.180) as an agency of the Board for financing the costs of school building facilities. The Board Members of the Harrodsburg Independent Board of Education also comprise the Corporation’s Board of Directors.

**HARRODSBURG INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

**Fund Accounting**

The District maintains its accounting records in accordance with the principles of “fund” accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, which stands separate from the activities reported in other funds. A description for each class of funds along with the associated restrictions, follow:

I. Governmental Fund Types

(A) The General Fund is the primary operating fund of the District. It accounts for financial resources used for general types of operations. This is a budgeted fund and any unrestricted fund balances are considered as resources available for use.

(B) The Special Revenue Fund accounts for proceeds of specific revenue sources (other than expendable trusts or major capitol projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally funded grant programs are identified in the Schedule of Federal Financial Assistance included in this report.

(C) Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Funds).

(1) The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those designated by the state as Capital Outlay Funds and is restricted for use in financing projects identified in the district’s facility plan.

(2) The Facility Support Program of Kentucky Fund for funds generated by the building tax levy required to participate in the School Facilities Construction Commission’s construction funding and state matching funds, where applicable. Funds may be used for projects identified in the district’s facility plan.

(3) The Technology Fund accounts for the Kentucky Education Technology System (KETS) allocation and local district matching funds restricted for the purchase of technology consistent with the District’s approved technology plan.

(4) The Construction Fund includes Capital Projects Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction.

**HARRODSBURG INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

II. Proprietary Funds (Enterprise Fund)

The School Food Service Fund is used to account for school food service activities, including the National School Lunch Program, which is conducted in cooperation with the U.S. Department of Agriculture (USDA). The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements.

III. Fiduciary Fund Type (includes agency and trust funds)

The Activity Fund accounts for activities of student groups and other types of activities requiring clearing accounts. These are accounted for in accordance with *Uniform Program of Accounting for School Activity Funds*.

IV. Account Groups

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

A) General Fixed Assets Account Group

This group of accounts is established to account for all fixed assets of the District, other than those accounted for in Proprietary Fund and Trust Funds. Harrodsburg Independent School District, at the direction of the Kentucky Department of Education, does not maintain fixed asset records. Therefore, this account group is not presented, as required by generally accepted accounting principles.

B) General Long Term Obligations Account Group

This group of accounts is established to account for all long term obligations of the District, including bonded debt and lease obligations, except those accounted for in Proprietary and Trust Funds.

V. Property Taxes

The District's ad valorem property tax is levied each October on the assessed value listed as of the prior January 1 for all real and business personal property located in the District. The assessed value of the certified roll, upon which the levy for the 2003 fiscal year was based, totaled \$206,894,175. The tax rate assessed for the year ended June 30, 2003 was .411, .424, and .544 per \$100 valuation for real property, personal property, and motor vehicles, respectively. Taxes are discounted if paid prior to November 1 and become delinquent after December 31. Property taxes collected are recorded as revenues in the fund for which they were levied (general and building funds).

**HARRODSBURG INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

**Basis of Accounting**

The records of the Board are maintained and the budgetary process is based on the modified accrual basis of accounting. This practice is the accounting method prescribed by the Committee for School District Audits.

For financial statement purposes, the accounting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for by using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in the fund balance.

The proprietary fund is accounted for on a flow of economic resources measurements focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e. expenses) in retained earnings.

Adjustments have been made to properly present the financial statements of the governmental fund types on the modified accrual basis of accounting. On this basis of accounting, revenues are recognized when they become measurable and available as assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is interest on general long-term debt, which is recognized as an expenditure when paid. This Proprietary Fund is accounted for using the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when they are incurred, except that capital expenditures are recorded as expenses rather than as fixed assets which would be depreciated over their estimated useful lives.

**Budgetary Process**

**Budgetary Basis of Accounting:** The District's budgetary process accounts for certain transactions on a basis other than GAAP. The major differences between the budgetary basis and the GAAP basis are:

Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

**HARRODSBURG INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

**Encumbrance Accounting**

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrances at year-end are reappropriated in the next year. A reservation of fund balance equal to outstanding encumbrances at year-end is provided for at June 30, 2003. Accordingly, no differences exist between actual results and the applicable budgetary data presented in the accompanying combined financial statements.

**Cash and Cash Equivalents**

The Board considers demand deposits, money market funds, certificates of deposit, and other investments with an original maturity of 90 days or less, to be cash equivalents.

**Inventories**

Supplies and materials are charged to expenditures when purchased with the exception of the Proprietary Funds, which records inventory using the accrual basis of accounting.

**Total Columns**

Total columns on the financial statements are indicated as "Memo Only," as data in these columns does not present financial positions, results of operations, or charges in fund balance in conformity with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

**NOTE B - ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, designated fund balances, and disclosure of contingent assets and liabilities at the date of the general purpose financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**Encumbrances**

Encumbrances are reported as a reservation of the fund balance and are not reported as expenditures until incurred.



**HARRODSBURG INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

**NOTE C - CASH AND CASH EQUIVALENTS**

At the year-end, the carrying amounts of the district's cash and cash equivalents were \$1,703,409; FDIC covered \$100,000; no collateral was pledged to secure the checking/investment account because "monies in this account were swept into an investment account that was made up of government securities." No collateral was pledged for the certificates of deposit which consisted of two \$500,000 deposits aggregating \$1,000,000. The Board considers demand deposits, money market funds, certificates of deposit, and other investments with an original maturity of 90 days or less, to be cash equivalents.

Cash and cash equivalents at June 30, 2003 consisted of the following:

	Bank Balance	Book Balance
Community Trust-Checking/Investment Account	\$927,070	\$657,107
KSD Liquid Asset Fund	4,464	4,464
Certificates of Deposit-Community Trust Bank	1,006,349	1,006,349
Activity Funds-Checking	39,152	35,489
Totals	<u>\$1,977,035</u>	<u>\$1,703,409</u>

**NOTE D - COMMITMENTS UNDER NONCAPITALIZED LEASES**

As discussed in Note A.V.(A), the District does not record fixed assets. Therefore, all lease agreements are treated as operating leases regardless of the specific contract terms. Commitments under operating lease agreements for buses (1993 and 1995 series) and bleachers provide the minimum future rental payments as of June 30, 2003 as follows:

FYE <u>June 30,</u>	
2004	6,569
2005	5,603
2006	5,588
2007	0
2008	0
	<u>\$17,760</u>

Rental expense for the District for the year June 30, 2003, was \$36,670.

**HARRODSBURG INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

**NOTE E - LEASE OBLIGATIONS AND BONDED DEBT**

The amount shown in the accompanying financial statements as lease obligations represents the District's future obligations to make lease payments relating to the bonds issued by the Harrodsburg Independent Schools Finance Corporation (Note A) in the initial aggregate amount of \$3,482,180.

The original amount of each issue, the issue dates, and interest rates are summarized below:

<u>Issue Date</u>	<u>Original Amount</u>	<u>Interest Rates</u>
1994	1,736,999	5.00% - 6.00%
1996	743,872	3.00% - 4.55%
2002	1,001,309	1.40% - 3.80%

The district, through the General Fund (including FSPK and Support Education Excellent in Kentucky (SEEK) Capital Outlay Fund) is obligated to make lease payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Harrodsburg Independent Schools Finance Corporation to construct school facilities. The District has an option to purchase the property under lease at any time by retiring the bonds then outstanding.

The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the district, at June 30, 2003, for debt service (principle and interest) are as follows:

<u>Year</u>	<u>School District Bonds Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2004	166,012	75,381
2005	182,701	67,656
2006	189,395	59,003
2007	197,340	49,768
2008	205,522	39,913
2009	214,483	32,494
2010	127,121	24,511
2011	129,304	20,189
2012	136,304	15,663
2013	143,110	10,756
2014	143,718	5,461
	<u>1,835,010</u>	<u>400,795</u>

**HARRODSBURG INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2003**

**NOTE F - ACCUMULATED UNPAID SICK LEAVE BENEFITS**

Upon retirement from the school system, a certified employee will receive from the District an amount equal to 30% of the value of accumulated sick leave. At June 30, 2003, the District estimates this amount to be \$179,530 for those certified employees with 27 or more years of experience. Normal sick pay benefits generally are not accrued until employees are absent.

**NOTE G - INTERFUND RECEIVABLE AND PAYABLE**

Interfund balances at June 30, 2003, consisted of the following:

<u>RECEIVABLE FUND</u>	<u>PAYABLE FUND</u>	<u>AMOUNT</u>
GF	SRF	NONE
GF	School Food Service	NONE
GF	Capital Projects	NONE

**NOTE H - RETIREMENTS PLANS**

*Plan Description* - Certified employees are covered under the Kentucky Teachers' Retirement System (KTRS), a cost-sharing, multiple employer defined benefit pension plan. KTRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems and other public educational agencies in Kentucky. KTRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). KTRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report can be obtained by writing to Kentucky Teachers' Retirement System, 479 Versailles Road, Frankfort, KY 40601.

*Funding Policy* - Contribution rates are established by KRS. Members are required to contribute 9.855% of their salaries to KTRS. The Commonwealth of Kentucky is required to contribute 13.105% of salaries. The federal program for any salaries paid by that program pays the matching contributions. KRS requires that members of KTRS occupy a position requiring either a four (4) year college degree or certification by KY Department of Education (KDE).

Substantially all other employees (classified personnel) are covered under the County Employee's Retirement system (CERS), a cost sharing, multiple-employer, public employers retirement system. Funding for the plan is provided through payroll withholdings of 5.00% and a district contribution of 6.34% of the employee's total compensation subject to contribution.

**HARRODSBURG INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2003**

The Harrodsburg Independent School District's total payroll for the year was \$4,717,867. The payroll for employees covered under KTRS was \$3,653,731 and for CERS was \$1,026,947.

The District sent \$378,195, \$330,057, and \$315,144 of employees' contributions to KTRS for the fiscal years ended June 30, 2003, 2002, and 2001, respectively. The contribution requirement for CERS for the years ended June 30, 2003, 2002, and 2001 was \$119,957, \$121,375, and \$126,266, respectively.

**NOTE I - CONTINGENCIES**

The district receives funding from federal, state, and local government agencies, as well as private contributions. Some of these funds are to be used for designated purposes only. For government agency grants, if the grantor's review indicates that the funds have not been used for the intended purpose, the grantors may request a refund of monies advanced or refuse to reimburse the district for its disbursements. The amount of such future refunds and unreimbursed disbursements, if any, is not expected to be significant. Continuation of the district's grant program is predicated upon the grantor's satisfaction that the funds provided are being spent as intended and the grantors' intent to continue their programs.

**NOTE J - INSURANCE AND RELATED ACTIVITIES**

The district is exposed to various forms of loss of assets associated with the risks of fire, personal liability, theft, vehicular accidents, errors and omissions, fiduciary responsibility, etc. Each of these risk areas is covered through the purchase of commercial insurance. The district has purchased certain policies, which are retrospectively rated including worker's compensation insurance; meaning that refunds and/or additional payments are likely.

**HARRODSBURG INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

**NOTE K - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. To obtain insurance for workers' compensation, errors and omissions, and general liability coverage, the District participates in the Kentucky School Board Insurance Trust Liability Insurance Funds. These public entity risk pools operate as common risk management and insurance programs for all school districts and other tax supported educational agencies of Kentucky who are members of the Kentucky School Board Association. The district pays an annual premium to each fund for coverage. Contributions to the Workers Compensation Fund are based on premium rates established by such fund in conjunction with the excess insurance carrier, subject to claims experience modifications and a group discount amount. Dividends may be declared, but are not payable until twenty-four (24) months after the expiration of the self-insurance term. The Liability Insurance fund pays insurance premiums of the participating members established by the insurance carrier. The Trust can terminate coverage if it is unable to obtain acceptable excess general liability coverage and for any reason by giving ninety (90) days notice.

In the event the Trust terminated coverage, any amount remaining in the Fund (after payment of operational and administrative costs and claims for which coverage was provided) would be returned to the member on a pro rata basis.

The district purchases unemployment insurance through the Kentucky School Boards Insurance Trust Unemployment Compensation Fund; however, the risk has not been transferred to such fund. In addition, the District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE L - DEFICIT OPERATING/FUND BALANCES**

There are no funds of the District that currently have a deficit fund balance. However, the following funds have operations that resulted in a current year deficit of revenues over expenditures resulting in a corresponding reduction of fund balance:

Athletic Fund	(\$ 1,791)
Activity Fund	(\$ 11,873)
School Food Service Fund	(\$ 21,908)

**HARRODSBURG INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2003**

**NOTE M - COBRA**

Under COBRA, employers are mandated to notify terminated employees of available continuing insurance coverage. Failure to comply with this requirement may put the school district at risk for a substantial loss (contingency).

**HARRODSBURG INDEPENDENT SCHOOL DISTRICT  
HIGH SCHOOL ACTIVITY FUND  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2003**

	Cash Balance July 1, 2002	Transfers & Receipts	Transfers & Disburse- ments	Cash Balance June 30, 2003	Accts. Receiv. 6/30/2003	Accts. Payable 6/30/2003	Fund Balance 6/30/2003
Annual	1,001.36	5,366.12	3,463.63	2,903.85			2,903.85
Bess Williams Mem Fund	0.00			0.00			0.00
Baseball	0.00			0.00			0.00
Athletic Dues	0.00			0.00			0.00
Football	0.00			0.00			0.00
Boys Basketball	0.00			0.00			0.00
Girls Basketball	0.00			0.00			0.00
Boys Track	0.00			0.00			0.00
Girls Track	0.00			0.00			0.00
Athletics-Misc	0.00	24,585.54	24,585.54	0.00			0.00
Boys Tennis	(0.00)			(0.00)			(0.00)
Girls Tennis	0.00			0.00			0.00
Golf	0.00			0.00			0.00
Cross Country	0.00			0.00			0.00
Girls Soccer	0.00			0.00			0.00
Band	52.46	1,642.53	1,694.99	0.00			0.00
Beta Club	105.73	365.53	306.00	165.26			165.26
Academic Team	35.36		35.36	0.00			0.00
Boys V. Cheerleaders	0.00			0.00			0.00
Media Productions	226.19		201.05	25.14			25.14
H.O.G.S.	769.90		769.90	0.00			0.00
ACT Prep	0.00			0.00			0.00
Cram & Jam	0.00			0.00			0.00
Flower Fund	25.20	255.00	259.25	20.95			20.95
French Club	509.78	2,627.90	2,985.88	151.80			151.80
F.C.A.	743.24	625.00	40.00	1,328.24			1,328.24
FCCLA	65.34	3,654.03	3,409.92	309.45			309.45
Field Trips	0.00	225.00	225.00	0.00			0.00
Library	72.64	212.18	91.45	193.37			193.37
Art Club	0.00	20.00	20.00	0.00			0.00
Pep Club	10.55			10.55			10.55
Misc. Fund	1,259.55	8,074.88	9,220.10	114.33			114.33
Nat. Honor Society	541.66	55.00	355.97	240.69			240.69
Spanish Club	291.50	59.00	144.52	205.98			205.98
Speech & Drama	0.00	557.00	497.32	59.68			59.68
Student Council	0.00			0.00			0.00
Textbooks	965.93	2,021.95	2,987.88	0.00			0.00
Class of 2001	0.00			0.00			0.00
Class of 2002	4.87		4.87	(0.00)			(0.00)
Class of 2003	3,151.10	40,615.94	43,578.43	188.61			188.61
Class of 2004	923.65	4,744.45	5,552.42	115.68			115.68
Class of 2005	433.25	665.00	467.18	631.07			631.07
Gil Hayslett	500.00	500.00	500.00	500.00			500.00
Instructional Fees	0.00	1,086.50	1,086.50	0.00			0.00
Home Ec	0.00	325.55	325.55	0.00			0.00
Truman Bartleson	850.00			850.00			850.00
Vernice Million Fund	1,140.00			1,140.00			1,140.00
Perkins-Scholarship	149.00	212.98		361.98			361.98
Craddock Memorial	1,112.33	200.00	450.00	862.33			862.33
Georgine Mickler	5,000.00	1,000.00	6,000.00	0.00			0.00
B.J. Yates Memorial	295.00			295.00			295.00
Y-Club	115.93	2,581.21	2,303.40	393.74			393.74
Academic Boosters	0.00			0.00			0.00
Munchies Cookie Fund	0.00	241.95	130.00	111.95			111.95
J. Still Memorial	500.00			500.00			500.00
Athletic Telephone	0.00			0.00			0.00
Senior English Fund	0.00			0.00			0.00
F. Pepsi Machine	6.97		6.97	0.00			0.00
S. Juice Machine	55.00	197.50	252.50	0.00			0.00
Junior Achievement	0.00			0.00			0.00
Totals	<u>\$20,913.49</u>	<u>\$102,717.74</u>	<u>\$111,951.58</u>	<u>\$11,679.65</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$11,679.65</u>

**HARRODSBURG INDEPENDENT SCHOOL DISTRICT**  
**ACCOUNTS RECEIVABLE**  
**JUNE 30, 2003**

Accounts receivable as reported in the District's annual financial report  
to the Kentucky Department of Education, Division of Finance

General Fund:

Taxes	\$30,091
Accounts	0
General Fund Total	<u>\$30,091</u>

Athletic Fund

Accounts	<u>\$273</u>
Athletic Fund Total	<u>\$273</u>

Special Revenue Fund:

Intergovernmental - State	\$49,851
Intergovernmental - Federal	<u>99,932</u>
Special Revenue Fund Total	<u>\$149,783</u>

Capital Projects Fund:

Taxes	<u>\$0</u>
Capital Projects Fund Total	<u>\$0</u>

School Food Services Fund

Intergovernmental - Federal	<u>\$30,602</u>
School Food Services Fund Total	<u>\$30,602</u>

Activity Fund

Accounts	<u>\$0</u>
Activity Fund Total	<u>\$0</u>

Additional accounts receivable recorded subsequent to the  
annual financial report:

Special Revenue Fund	\$0
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Deleted accounts receivable recorded subsequent to the  
annual financial report:

None	\$0
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Total Accounts Receivable

\$210,749



**HARRODSBURG INDEPENDENT SCHOOL DISTRICT**  
**ACCOUNTS PAYABLE**  
**JUNE 30, 2003**

Accounts payable as reported in the District's annual financial report  
to the Kentucky Department of Education, Division of Finance

General Fund	\$58,512
Athletic Fund	230
Special Revenue Fund	27,307
Capital Projects Fund	13,453
School Food Service	2,115
Activity Fund	<u>0</u>
Total As Reported	<u>\$101,617</u>

Additional accounts payable recorded subsequent to the  
annual financial report:

General Fund	\$0
Special Revenue Fund	\$0

Deleted accounts payable recorded subsequent to the  
annual financial report:

None	\$0
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Total Accounts Payable	<u><u>\$101,617</u></u>
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**HARRODSBURG INDEPENDENT SCHOOL DISTRICT  
BOARD MEMBERS AND ADMINISTRATIVE PERSONNEL  
JUNE 30, 2003**

**BOARD MEMBERS**

**TERM EXPIRES**

Mike Preston, Chairman

December 31, 2004

Teresa Noel

December 31, 2004

Patricia Lay

December 31, 2006

Randall Bartleson

December 31, 2006

Pam Baughman

December 31, 2006

**ADMINISTRATIVE PERSONNEL**

Dr. H.M. Snodgrass, Superintendent and Secretary to the Board

Cheri Cotton, Central Office Manager/Bookkeeper  
Treasurer to the Board

**HARRODSBURG INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2003**

Federal Grantor/ Pass-Through Grantor/ Program Title		Federal CFDA Number	MUNIS Number	Program or Award Amount	Total Awards Expended
<u>U.S. Department of Education</u>					
Pass-through Kentucky Department of Education:					
Title I	Improving America's Schools	84.010	220-3103	\$252,047	\$225,178
Title I	Improving America's Schools	84.010	220-3102	222,358	2,944
Title I	Migrant Education	84.011 A	220-3113	6,480	6,480
Title I	Delinquent Child LEA Insti	84.010	220-3133	9,829	9,829
Title I	Delinquent Child (Transition)	84.010	220-3133T	500	481
Title I	School Improvement	84.010	220-3203	76,952	3,116
Title VI	Innovative Ed Strategies	84.298	220-3312	6,218	3,706
Title V		84.298 A	220-3343	6,185	5,422
IDEA - Part B Basic	Basic-Special Education	84.027 A	220-3373	165,968	83,710
IDEA - Part B Basic	Basic-Special Education	84.027 A	220-3372	143,367	84,035
IDEA - Part B	Preschool-Special Education	84.173 A	220-3433	22,407	21,128
Title IC	Perkins Grant	84.048	220-3483A	232	0
Title IC	Perkins Grant	84.048	220-3483	13,338	7,596
Title IC	Perkins Grant	84.048	220-3482	12,693	241
	Rural & Low Income Schools	84.358 B	220-3503	18,400	17,182
	Adult Education-Basic	84.002	220-3732	85,307	0
	Adult Education-Staff Development	84.002	220-3732S	1,200	0
	Adult Education-Basic	84.002	220-3733	42,875	42,875
	Adult Education-Staff Development	84.002	220-3733S	1,900	1,441
	TLC	84.318	220-3851	12,806	2,922
Title II	Class Size Reduction	84.340	220-3882	45,875	45,875
Title II A	Teacher Quality	84.281 A	220-4013	69,882	67,928
Title II	Eisenhour Science & Math	84.281	220-4042	7,468	3,637
Title IV	Drug & Alcohol	84.186	220-4063	7,805	0
Title IV	Drug & Alcohol	84.186	220-4062	6,240	3,042
	Goals 2000 School reform	84.276 A	220-4131E	46,000	3,826
Title II A	Enhancing Ed Thru Technology	84.318 X	220-4253	7,236	6,600
Total U.S. Department of Education					<u>\$649,194</u>
<u>U.S. Department of Agriculture</u>					
Pass-through Kentucky Department of Education:					
	National School Lunch Program	10.555	510-4501	\$263,498	263,498
	Commodities	10.555		16,365	16,365
Total Department of Agriculture					<u>\$279,863</u>
Total Federal Financial Assistance					<u><u>\$929,057</u></u>

**NOTE A - BASIS OF PRESENTATION**

The schedule of expenditures of federal awards includes the federal grant activity of the Harrodsburg Independent School District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE B - FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

State Committee for School District Audits  
Members of the Board of Education  
Harrodsburg Independent School District  
Harrodsburg, Kentucky

I have audited the general purpose financial statements of the Harrodsburg Independent School District as of and for the year ended June 30, 2003, and have issued my report thereon dated October 29, 2003. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Harrodsburg Independent School District's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Harrodsburg Independent School District's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be a material weakness.

This report is intended solely for the information and use of management, others within the organization, the Kentucky Department of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties

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*W. Dudley Shryock, CPA, PSC*  
October 29, 2003

**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

State Committee For School District Audits  
Members of the Board of Education  
Harrodsburg Independent School District  
Harrodsburg, Kentucky

Compliance

I have audited the compliance of the Harrodsburg Independent School District, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2003. Harrodsburg Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Harrodsburg Independent School District's management. My responsibility is to express an opinion on Harrodsburg Independent School District's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Harrodsburg Independent School District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Harrodsburg Independent School District's compliance with those requirements.

In my opinion, Harrodsburg Independent School District, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.

Internal Control Over Compliance

The management of Harrodsburg Independent School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered Harrodsburg Independent School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matter in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving internal control over compliance and its operation that I consider to be a material weakness.

This report is intended solely for the information and use of management, others within the organization, the Kentucky Department of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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*W. Dudley Shryock, CPA, PSC*  
October 29, 2003

**HARRODSBURG INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
FOR YEAR ENDED JUNE 30, 2003**

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**Section I - Summary of Auditor's Results**

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**Combined General-Purpose Financial Statements**

Type of auditor's report issued	Unqualified	
Internal control over financial reporting		
Material weaknesses identified?	_____ yes	_____ <u>X</u> no
Reportable conditions identified that are not considered to be material weaknesses?	_____ yes	_____ <u>X</u> no
Noncompliance material to combined general purpose financial statements noted?	_____ yes	_____ <u>X</u> no

**Federal Awards**

Internal control over major programs		
Material weaknesses identified?	_____ yes	_____ <u>X</u> no
Reportable conditions identified that are not considered to be material weaknesses?	_____ yes	_____ <u>X</u> no

Type of auditor's report issued on compliance for major programs	Unqualified	
Any audit findings disclosed that are required to be reported in accordance with section 510 (c) of Circular A-133?	_____ yes	_____ <u>X</u> no

Identification of major programs		
CFDA		
<u>Numbers</u>	<u>Name of Federal Program or Cluster</u>	
84.010	Title I	
84.027	Idea Part B	
10.555	National School Lunch Program	

Dollar threshold used to distinguish between type A and type B programs:	<u>\$300,000</u>
Auditee qualified as low-risk auditee?	_____ yes _____ <u>X</u> no

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**Section II - Financial Statement Findings**

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*None*

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**Section III - Federal Award Findings and Questioned Costs**

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*None*